

**Town of Zionsville
Reserve and Liquidity Policy
May 2024**

The Town of Zionsville's (the "Town") Reserve and Liquidity Policy (the "Policy") is a guideline for Town staff to use and monitor while preparing and tracking their budgets and their planning documents. The Policy is intended to maintain appropriate fund balances in order to protect against emergencies, revenue shortfalls, unexpected opportunities, and provide financial stability. The Town shall maintain liquid assets which can be accessible within 24 hours with no financial penalty to the Town. .

The Town has a number of funds that are supported by different revenue sources and for specific expenditures. The following Policy requirements will be reviewed annually, by the Mayor and Director of Finance and Records:

1 . Operational Funds:

The operational funds' main source of revenue are property taxes and local income taxes. Operational funds are used to maintain the daily operations of the Town and provide public safety. The Town's operational funds include: General, Motor Vehicle Highway, Fire Operating, Police Operating, and Park and Recreation Funds. The Town will maintain a minimum operating balance as a percentage of total annual operating disbursements between 15 — 20%. The operating balance of the operational funds will be reviewed at least at the e the year and will be a measure while preparing the annual budget for the ensuing year. Additional appropriations will be reviewed and approved by Town Council as set out by Indiana Code S 6-1.1-18-5.

2. Capital Project Funds:

These funds are used to account for financial resources to be used for the acquisition or construction of major capital projects. It is acceptable for the Town to accumulate funds overtime in order to make large disbursements to fund large capital projects. The operating balance of the Capital Project Funds is expected to fluctuate due to the nature of the fund and occurrence of large capital disbursements. The Town will continuously manage the fund balance of the Capital Project Funds and align with long-term planned expenditures in order to maximize available funds.

3. Special Revenue Funds:

Special revenue funds are used to account for proceeds of specific revenue sources (other than capital project funds) that are restricted to expenditures for specific purposes. Special Revenue Funds include but are not limited to: Public Safety Local Income Tax, Food and Beverage Tax, Record Perpetuation, and Enforcement Continuing Education Funds. Since revenue can fluctuate year to year, the Town will closely monitor these funds on a monthly basis to ensure there are appropriate fund balances for operating expense. The Town is not prohibited from creating Revenue Funds in the future.

4. Enterprise Funds

Enterprise funds are used to account for business-type activities in which a fee is charged to external users for goods or services. The Town will monitor Enterprise Funds on a monthly basis to ensure there are appropriate fund balances for operating and capital expenses. The Town will maintain a

balance of at least two months of operating expenses within the operating fund. The other funds of the Enterprise funds may be defined in the bond ordinance of any bonds outstanding.

5. Debt Funds:

Debt funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. These funds are monitored on a regular basis to ensure there are accurate fund balances to pay future debt payments and maintain the proper debt service reserve balances. Balances, for both debt and debt service reserve funds, will be set by the Town's respective bond ordinances or resolutions.